

Media Statement to All News Desks

Slug: (Unrest Relief)

11am, Tuesday, 12 July 2022

NEF approves over R1 billion with the dtic & Solidarity Fund in post-unrest business relief to save close to 10 000 jobs

A year after South Africa witnessed the devastating civil unrest that swept across parts of KwaZulu Natal and Gauteng in July 2021, the National Empowerment Fund (NEF), in partnership with **the dtic** and the Solidarity Fund's Humanitarian Crisis Relief Fund (HCRF), have approved in excess of R1 billion for the recovery of affected SMMEs and together have saved close to 10 000 jobs, **says CEO Ms Philisiwe Mthethwa.**

Devastating impact on businesses, property and jobs

"The civil unrest was far-reaching and severe, resulting in damage estimated in excess of R30 billion with more than 150 000 jobs placed at risk. The manufacturing and retail sectors were dealt the hardest blow, and 161 malls in both provinces experienced severe damage to property and stock. There was damage of varying degrees at 200 shopping centres, and approximately 3000 stores were looted. Stock losses estimated at over R1.5 billion were reported, and some NEF investees were also caught in the crossfire" **adds CEO Mthethwa.**

She says at national level, Government, through **the dtic**, set aside R5.15 billion to rebuild damaged businesses, save jobs and restore the provision of goods and services to affected communities.



"As part of this commitment, **the dtic** allocated a total R650 million for the NEF to come to the rescue of the businesses that were affected by the unrest. The NEF set aside R100 million from its own balance sheet, while the Solidarity Fund entrusted R273 million for the NEF to provide a concessionary blended facility to affected businesses. The total funds under the management of the NEF for the Economic Recovery Fund amounted to just over R1 billion, which has since been approved for the benefit of the businesses that were damaged during the riots," **says Ms Mthethwa.**

Among the criteria for funding, applicants had to be a registered company, close corporation or co-operative in good standing with the South African Revenue Services. Applicants were also required to demonstrate that jobs lost would be restored or increased within 12 months of receiving the funding, and to demonstrate that they were negatively impacted by the riots and unrests in both provinces. The mandate of the NEF is to support black economic participation, so the beneficiary enterprises had to be owned and managed by black entrepreneurs, explains the NEF.

Reversing the devastation and achieving a clean external audit

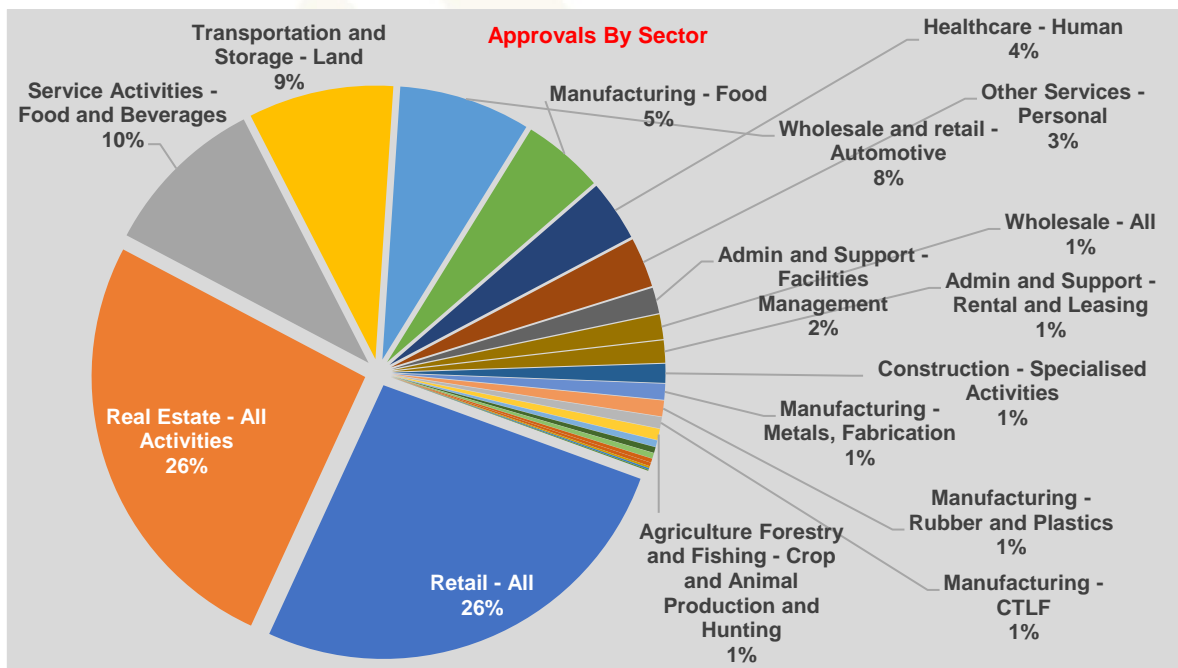
For the effective implementation of the post unrest relief, the NEF deployed teams of investment professionals across both provinces a week after the riots subsided, and these teams comprised finance and risk assessment specialists, engineers, legal advisors and others, who were deployed directly to the trouble spots to interact with and assist entrepreneurs whose businesses had been harmed and whose operations had ceased as a result. The areas visited included destinations such as KwaNongoma, iXopo, uMkhanyakude, Jozini, Umlazi, Newcastle, uMgungundlovu, uMzinyathi, Ugu, KwaMashu, Soweto, Alexandra, Katlehong, Daveyton, Vosloorus, Soshanguve, Orange Farm and Sebokeng, among others.

“The deployment was over a period of several weeks where NEF investment teams engaged different stakeholders including entrepreneurs, local government, property owners and business organisations, having adopted a district development municipality approach to ensure that all affected areas were reached,” says Ms Mthethwa.

As a partner trusted by many entities across the public and private sectors, the NEF has received a clean external audit for the management of the funds, having approved **276** transactions (supporting **211** firms) with a combined value of **R1 074 million** through which **9 452 jobs** were supported in both provinces.

Sector diversity

The funded businesses operate across various sectors of the economy as outlined below:



The NEF has published a detailed booklet profiling a sample of the funded businesses, and this is available on www.nefcorp.co.za or on the following link: [NEF-Investee-Solidarity-Fund-booklet_13Apr_1320pm_lowres.pdf \(nefcorp.co.za\)](#)

NEF operational milestones since inception to date

Ms Mthethwa says since operational inception in 2005 the NEF has approved 1 291 transactions worth more than R12.35 billion across the country with a total project value of R21.44 billion. Over R8.267 billion has been disbursed to these companies, supporting in excess of 112 905 of which 71 874 were new. As a testament to the NEF’s financial management integrity, the development financier has secured clean external audit opinions for 18 years running.